

Cannabis industry objectives for Vermont

- Create a robust new industry in Vermont.
- Create sustainable high paying jobs.
- Ensure Vermont's cannabis industry funds regulators and oversight
- Add significant tax revenues to the state coffers.
- Monetize and legitimize an already existing black market business.

Cultivator Size: (4513 c1)

Size limits should be defined as flower space which is used in the 12 week growth cycle. Cultivators should be able to use the rest of their space as needed for offices, propagation, sanitation and quarantine.

Grow operations have larger capital investments and have more permanent jobs while retail operations have smaller capital investment and the jobs tend to be part time. If one of the objectives is full time high paying jobs, the cultivators will do a better job of providing real economic development and should be limited in number.

Financier: 4522 (b)

Why limit where entrepreneurs can raise capital? Entrepreneurs should be able to raise funds from investors who will offer the best terms and rates for the business. If the origin of investment is regulated, then profits from this venture should only be allowed to be spent in VT. Jay Peak is a very good example of entrepreneurs accessing capital from anywhere.

Create a Robust Sustainable Business:

Lowering the number of licenses granted will make regulation a more controllable process. Capacity can be added as needed when regulators are accustomed to their responsibilities and demand suggests more cannabis operations are needed.

Also, requiring independent product testing keeps businesses focused on quality and insures public safety. Lastly, we need to try to eliminate the black market.

Processing and transportation and the Black Market

Keeping cost down is a shared responsibility between regulators and business. Through low prices, the black market can be eliminated. To keep costs down, roles should be defined. For example, cultivators should grow and transport. Retailers should buy and sell. Adding licensed cannabis transporters and processors will add cost. Processing or extraction could be handled by either the cultivator or retailer and should be defined.

Tax and the black market.

The black market should be suppressed as wholesale costs per pound for cultivators should not exceed \$1200. Colorado began with a cultivator tax, which was eliminated on September 16, 2015. Colorado taxes marijuana on the retail level at 15% and allows local municipalities to collect an additional 2.9%. This tax scheme streamlines tax collection in a standard retail environment and allows local governments to benefit while keeping cost low enough to eliminate the black market.

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Taxing the cultivators adds complexity and increases price. A traditional taxation model for wholesale and retail operations will server VT better than taxing cultivators, keeping prices down and eliminating the black market.

MARIJUANA TAX FUND: 4541.

Make the license application fee \$50K for retail operators to \$100K for cultivators as qualified applicants should have access to capital. Licensing application fees and reoccurring license fees can be used to fund the Marijuana Regulation Fund. Having the cannabis industry fund the regulating body is a win/win for tax payers.

Cannabis Zoning:

VT should define the zoning for cultivators and retailers so towns have clearly defined understanding of the zoning requirements. Is marijuana cultivation considered light manufacturing? Is it agricultural? Are cannabis retailers zoned traditional retail? Having zoning defined will advance the permitting process.

Other Zoning consideration;

Caps should be instituted on how many retailers can be located in one town (i.e. a radius of x miles for x number of dispensaries). Creation of "green mile" designated areas in tourist destinations to keep the marijuana business out of the forefront and away from families.